An open-end credit account is one under which you are allowed to make repeated purchases or obtain loans. You are given the privilege of paying the balance in full or, you may pay in installments.

Common examples include:

- Bank credit cards;
- Home equity credit lines;
- Department store or service station credit cards;
- Overdraft privilege on checking accounts.

FINANCE CHARGE

A finance charge may be computed on the unpaid balance of an account when you and a business agree to such terms in writing. The account is not considered past due as long as you make payments according to the terms to which you agreed. The finance charge (interest) is the price you pay for being granted credit. The finance charge pays the business in part, for its expense in keeping track of your account and its balance.

Bank credit cards domiciled out of Indiana can export their State's rates. Most banks are domiciled in states that do not have any caps on rates. Credit cards issued by Indiana Chartered Financial Institutions and retailers have to comply with Indiana maximum rates. Home equity credit lines and overdraft credit originated in Indiana must also comply with Indiana maximum rates.

YOUR RIGHTS WITH OPEN-END CREDIT

To be obligated, you must sign an agreement which states the terms when you establish the account. The business is required to give you a copy of the signed agreement.

Be aware that with a credit card, you may meet the requirement explained above when you sign the application form and receive a copy of the agreement.

Essentially you have agreed to the terms offered by signing the application, using the card, or signing you name to the first sales slip.

Limits on finance or interest rates exist for the benefit of private individuals on consumer credit transactions of $50,000 or less and second mortgage transactions regardless of amount. There are no limits on rates assessed to business accounts and first lien mortgage transactions.

Under the Marital Property Law, if you or your spouse open an account, the business will ask you to sign a statement that the account is used for marital or family purposes. Your spouse must receive a copy of the agreement from the business, or a notice of extension of credit.

SPECIFICS

Before you make the first transaction under an open-end credit agreement, the business must disclose to you in a single written document, the following items:

- The conditions under which finance charges will be imposed.
- Any period (called a grace period) within which the balance may be paid to avoid a finance charge.
- How the business determines the balance on which the finance charge will be computed.
- How the total amount of finance charge is determined.
- The periodic rate (such as 1.75% per month) and the corresponding annual percentage rate (APR) of the finance charge.
  - If the rate may vary, you must be provided a statement of this fact.
  - You must also be given a written explanation of what circumstances would bring about a rate change.
  - Further, you must be given a written statement indicating the limitations on any such increase and the effects of such an increase.
- The minimum payment required each billing cycle.
- The amount of any other charges in addition to a finance charge which may be imposed.
- Whether any annual fee is charged and the amount of the fee.
- Any security interest (collateral) which will be required.
- A notice regarding the customer's right to dispute billing errors.

WHEN YOU GET YOUR BILL

Each business with which you have an open-end account is required to provide you with a statement for each billing period in which you have an unpaid or credit balance over $1.00. The statement includes specific information and disclosures.

Before paying, review these Items:

1. The outstanding balance at the beginning of the billing cycle.

2. Each transaction posted to the account to determine if you authorized it.

3. The amount and date of each payment, refund, rebate or adjustment posted to the account .

4. The amount of the finance charge.

5. The periodic rate or rates of finance charge (interest), and the annual percentage rate of the finance charge (APR).

6. The balance on which the finance charge was computed and how that balance was determined.

7. The closing date of the billing cycle and the outstanding balance of the account on that date.

8. Any grace period you have to pay the balance to avoid an additional finance charge.

The Indiana Department of Financial Institutions, Division of Consumer Credit has many other credit related brochures available, such as:

- Answers to Credit Problems
- Applying for Credit
- At Home Shopping Rights
- Bankruptcy Facts
- Buried in Debt
- Car Financing Scams
- Charge Card Fraud
- Choosing A Credit Card
- Co-Signing
- Credit and Divorce
- Credit and Older Consumers
- Deep in Debt?
- Equal Credit Opportunity
- Fair Credit Reporting
- Fair Debt Collection
- Gold Cards
- Hang up on Fraud
- High Rate Mortgages
- Home Equity Credit Lines
- How to Avoid Bankruptcy
- Indiana Uniform Consumer Credit Code
- Look Before you Lease
- Mortgage Loans
- Repossession
- Reverse Mortgage Loans
- Rule of 78s – What is it?
- Scoring for Credit
- Shopping for Credit
- Using Credit Cards
- Variable Rate Credit
- What is a Budget?
- What is the DFI?

Call our toll-free number or write to the address on the cover for a copy of any of the brochures listed or for further consumer credit information.

DEPARTMENT OF FINANCIAL INSTITUTIONS
Consumer Credit Division
30 South Meridian Street, Suite 300
Indianapolis, Indiana 46204

WHAT IS OPEN-END CREDIT?

DEPARTMENT OF FINANCIAL INSTITUTIONS
Consumer Credit Division
30 South Meridian Street, Suite 300
Indianapolis, Indiana 46204
317-232-3955, 1-800-382-4880